

IMPORTANT: This letter is important and requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Europe) S.A., as the Management Company to Schroder International Selection Fund, accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

26 April 2023

Dear Shareholder,

Schroder International Selection Fund

We are writing to inform you of the following changes or updates to the Hong Kong offering documents of the Company and its sub-funds ("**Funds**"), comprising the Prospectus and Hong Kong Covering Document of the Company and the Product Key Facts Statements of the Funds ("**Hong Kong Offering Documents**").

Any terms not defined in this letter shall have the same meaning as in the Prospectus.

I. Change of sustainability benchmark of Global Climate Change Equity

The sustainability benchmark of Global Climate Change Equity has changed from "MSCI World (Net TR) index" to "MSCI All Country World (Net TR) index" to align with the comparator benchmark, so that the Fund maintains a higher overall level of avoided emissions than MSCI All Country World (Net TR) index, based on the Investment Manager's rating system.

II. Change of investment policy of Asian Bond Total Return

The investment policy of Asian Bond Total Return has been updated to provide that the gross exposure of total return swaps of the Fund will not exceed 20% (previously, 60%) and the expected range has been reduced from "0-30%" to "0-5%" of the Fund's Net Asset Value. It has also been clarified to provide that total return swaps are aimed to be used on a temporary basis in market conditions including but not limited to periods of slow economic growth and falling interest rates, and where the Investment Manager's view is that sovereign spread premiums will compress. For the avoidance of doubt, there is no change to the existing practice (including the net derivative exposure) of the Fund.

III. Enhancement / clarification to the investment policies of the Funds

The investment policies of certain Funds have been enhanced or clarified. Please refer to the Appendix for details of the amendments.

IV. Miscellaneous updates / changes

Additional changes have also been made to the Hong Kong Offering Documents, including the following:

- (a) enhancement of disclosures relating to (i) SFDR pre-contractual disclosures for each Fund that has environmental and/or social characteristics (within the meaning of Article 8 SFDR) or has the objective of sustainable investment (within the meaning of Article 9 SFDR) information about such characteristics or objective; (ii) consideration of principal adverse impacts under SFDR and (iii) Taxonomy;
- (b) enhancement of disclosures to provide that where a Fund states that it invests at least a specific percentage of its assets (i) in sustainable investments as defined under SFDR; or (ii) to attain the environmental or social characteristics promoted by the Fund, the percentage may be breached on a temporary basis in exceptional circumstances, for example, the Investment Manager may adjust the Fund's exposure in response to adverse market and/or economic conditions and/or expected volatility, when in the Investment Manager's view to do so would be in the best interests of the Fund and its Shareholders;
- (c) clarification of dealing arrangement / procedures for subscription, redemption, suspensions, and deferrals to reflect existing practice;
- (d) enhancement of disclosures on general meeting procedures;
- (e) clarification of the arrangement for handling liquidation proceeds, i.e. amounts not claimed from escrow within the period fixed by-Luxembourg law (thirty years) will become the property of the state of the Grand Duchy of Luxembourg;
- (f) clarification of the basis of valuation is either a reliable market value of the instrument, or, if such value is not available, pricing model using an adequately-recognised methodology;
- (g) enhancement of disclosures to clarify that the investment management fees (referred to as an Annual Management Charge) are calculated and accrued on each Dealing Day by reference to the Net Asset Value of the Fund, or the Net Asset Value per Share as may be appropriate and paid monthly in arrears;
- (h) enhancement of disclosures on investment restrictions to provide that each Fund will not invest more than 20% of its net assets in cash and deposits at sight (such as cash held in current accounts) for ancillary liquidity purposes in normal market conditions. Under exceptional unfavourable market conditions (such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008) and on a temporary basis, this limit may be breached, if justified in the interest of the Investors. For clarification, disclosures in the Hong Kong Offering Documents have been enhanced to provide that under exceptional circumstances (e.g. market crash or major crisis), the Funds may be invested temporarily up to 100% of their respective Net Asset Value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management;

- (i) clarification of investment restrictions regarding the relevant limit for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF;
- (j) clarification of disclosures on sustainability scores and enhancement of disclosures on Investment Manager's proprietary sustainability tools;
- (k) clarification of investment limits to provide that a Fund will not hold more than 5% of its assets in transferable securities traded on the China Interbank Bond Market ("**CIBM**") (including via Bond Connect) or any other Chinese Regulated Market or in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and shares listed on the Science and Technology Innovation Board ("**STAR Board**") of the Shanghai Stock Exchange and the ChiNext Market of the Shenzhen Stock Exchange ("**ChiNext**") unless disclosed in its investment objective and investment policy;
- (l) update to investment exclusion disclosures and to provide that further information related to the sustainability investment limits and exclusion list of Funds that are authorised as ESG Funds in Hong Kong will be accessible via <https://www.schroders.com/en/lu/private-investor/gfc>¹;
- (m) enhancement of risk disclosures (e.g. credit risk) and addition of risk factors (e.g. risks associated with the small and medium enterprise board, the STAR Board and/or ChiNext market);
- (n) update of the profile of the directors of the Management Company; and
- (o) other clarifications, miscellaneous updates, changes and editorial amendments.

Save as disclosed above, the Company confirms that in relation to the amendments or changes set out above:

- there are no changes to how the Funds are managed;
- the investment style, investment philosophy and risk profile of the Funds remain the same; and
- the fees chargeable in respect of the Funds as stated in the Hong Kong Offering Documents remain the same.

The revised Hong Kong Offering Documents are available free of charge at www.schroders.com.hk² or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited.

If you have any questions or would like more information, please contact your usual professional advisor or the Hong Kong Representative at Level 33, Two Pacific Place, 88 Queensway, Hong Kong or calling the Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

The Board of Directors

¹ This website has not been reviewed by the SFC.

² This website has not been reviewed by the SFC.

Appendix

1. Asian Bond Total Return, Emerging Markets Debt Absolute Return, Emerging Markets Multi-Asset, Hong Kong Dollar Bond and Multi-Asset Growth and Income – Clarification of investment policy

The investment policy of each of the Funds has been clarified to provide that the Fund may invest in mainland China through CIBM via CIBM Direct in addition to Bond Connect. For the avoidance of doubt, there is no change to the existing onshore China exposure of each of the Funds.

2. Asian Bond Total Return, Asian Local Currency Bond, Emerging Markets Debt Absolute Return, Emerging Markets Multi-Asset, EURO Bond, EURO Corporate Bond, EURO Liquidity, Global Bond, Global Corporate Bond, Global Credit Income, Global High Yield, Global Inflation Linked Bond, Global Multi-Asset Income, Global Target Return, Hong Kong Dollar Bond, Multi-Asset Growth and Income, Strategic Bond, Sustainable Multi-Asset Income, US Dollar Bond and US Dollar Liquidity – Enhancement of investment policy in respect of insurance-linked securities (“ILS”) and/or ILS-related products

The investment policy of each of the Funds has been enhanced to provide that each of the Funds may invest up to 10% of its respective Net Asset Value in ILS, such as catastrophe bonds, issued outside Hong Kong and/or any ILS-related products, such as derivatives or structured products whose returns are linked to the performance of any ILS and collective investment schemes whose investment objective or principal investment strategy is investing in ILS. For the avoidance of doubt, the Funds will not invest in ILS issued in Hong Kong and their repackaged products and derivatives.

3. EURO Bond, Global Corporate Bond, Global Credit Income, Global High Yield, and US Dollar Bond – Update to the name of the relevant benchmarks

The target benchmark of each of the Funds (except for Global Credit Income which are the comparator benchmarks) has been updated to remove “Barclays” from “Bloomberg Barclays” from the name of the benchmark to reflect the rebranding of the benchmark providers. For the avoidance of doubt, there is no change to the actual benchmark of each of the Funds.

4. Euro Corporate Bond – Update to the name of the target benchmark

The name of the target benchmark of the Fund has been updated from “ICE Bank of America Merrill Lynch Euro Corporate index” to “ICE BofA Merrill Lynch Euro Corporate index”. For the avoidance of doubt, there is no change to the actual target benchmark of the Fund.

5. Global Multi-Asset Income, Multi-Asset Growth and Income and Sustainable Multi-Asset Income – Clarification of investment policy

The investment policy of each of the Funds has been clarified by removing “at least two-thirds of its assets” from the disclosures regarding the Funds’ investment through derivatives as the disclosures are considered to be redundant for multi-asset funds. For the avoidance of doubt, there is no change to the Funds’ investment policy.

6. Emerging Markets Multi-Asset, Global Multi-Asset Income, Global Target Return, Multi-Asset Growth and Income and Sustainable Multi-Asset Income – Clarification of investment policy

The investment policy of each of the Funds has been clarified to provide that total return swaps and contracts for difference aimed to be used on a temporary basis in market conditions including but not limited to during periods of expanding global economic growth and rising inflation or elevated geopolitical risk, or when credit spreads are expected to widen such during periods of falling economic growth, rising interest rates or elevated geopolitical risk. For the avoidance of doubt, there is no change to the existing practice (including the net derivative exposure) of each of the Funds.

7. EURO Bond, Global Inflation Linked Bond and Strategic Bond – Clarification of investment policy

The investment policy of each of the Funds has been clarified by removing the disclosures related to the use of total return swaps. For the avoidance of doubt, there is no change to the existing practice (including the net derivative exposure) of each of the Funds.

8. Global Sustainable Food and Water – Clarification of investment policy

The Fund invests at least 75% of its assets in sustainable investments which are equity and equity related securities of companies worldwide that the Investment Manager expects to contribute towards the provision of sustainable food and water including water management, agricultural equipment, agricultural inputs, food production, processing, packaging and distribution, food and water retail and recycling. The investment policy of the Fund has been clarified to provide that such companies have at least 50% of their revenue contributing towards the provision of sustainable food and water activities through their efforts to drive positive change across at least one of the five key sustainability areas of greenhouse gas emissions, water usage, biodiversity, physical pollution and waste, and health and nutrition.

9. Global Target Return – Clarification of investment policy

The investment policy of the Fund has been clarified to provide that the Fund will have limited Renminbi denominated underlying investments.

10. Asian Bond Total Return, Asian Local Currency Bond, Emerging Markets Debt Absolute Return, EURO Bond, EURO Liquidity, Global Bond, Global Credit Income, Global High Yield, Global Target Return, Hong Kong Dollar Bond, Strategic Bond and US Dollar Liquidity – Update to the investment policies in respect of investment in debt instruments issued by financial institutions with loss-absorption features (“LAPs”)

The investment policy of each of the Funds has been updated to provide that the Fund may invest in LAPs (e.g. contingent convertible bonds, Additional Tier 1, Tier 1 and Tier 2 capital notes, senior non-preferred notes, senior and subordinated bonds issued by holding companies of a financial institution), subject to the relevant maximum exposure as disclosed in the Hong Kong Offering Documents. For the avoidance of doubt, there is no change to the existing maximum exposure of each of the Funds to LAPs.